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DIRECTORATE OF  
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LAOS: The government got down to serious discussion at the session on 14 November of the peace talks in Vientiane.

For the first time since the talks opened five weeks ago, government spokesman Pheng Phongsavan addressed the Lao Communist five-point peace proposals directly and offered specific changes for each point of disagreement. Ample ground for agreement appears to exist on the points dealing with foreign intervention, Lao neutrality and foreign policy, and the resettlement of refugees.

The major stumbling block between the two sides concerns the mechanics of an internal political settlement. Pheng rejected the Communists' contention that the Souvanna government has outlived its legitimacy, but he did advance ideas on how a new government might be created within the existing constitutional framework.

The government's presentation is an invitation to drop the polemics and get down to the business of working out the specifics of a Lao settlement. Any Communist reaction will have to await the return of Phoumi Vongvichit--the high-ranking "special adviser" to the Lao Communists' negotiating team--who left for consultations with Souphanouvong in Sam Neua prior to the meeting on 14 November. [ ]

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ARGENTINA: The Lanusse government is taking strong security measures to prepare for the expected arrival of Juan Peron in Buenos Aires on Friday.

The 77-year-old former president arrived in Rome yesterday on the first leg of a trip that will end 17 years of exile from his native land. Peron, who met with Italian Prime Minister Andreotti yesterday, reportedly will try to arrange an audience with the Pope before departing Thursday night on the last leg of his long-awaited trip home. Peronists hope that the meeting with the Pope will lend credibility to Peron's statement that his trip is not intended to stir political violence but rather to contribute to "national peace and reconstruction."

President Lanusse so far is standing by his pledge to permit Peron's visit but has ordered elaborate security measures to guard against violence. Radio and television stations as well as telephone exchanges reportedly have been placed under police guard, and all permits for carrying arms in the capital have been canceled. The government is particularly worried about possible incidents at Ezeiza Airport, where Peron is scheduled to arrive. Several thousand troops will be there to deal with any problems caused by Peronists giving their leader a hero's welcome or by anti-Peronists sworn to revenge.

Peronist leaders, too, are worried about possible violence and have called upon the rank-and-file to remain calm. The Peronist-controlled national labor confederation has called for a nationwide work stoppage on Friday, but unless transport workers remain on the job, loyal Peronists will face considerable difficulty in traveling the 25 miles from downtown Buenos Aires to the airport.

In any event, the government and those Peronist leaders who hope to hold down the size of the welcoming crowd are faced with a mammoth task. Some

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officials have estimated that the occasion could bring out as many as a million persons, and even if this figure proves drastically inflated, the troops charged with maintaining order will be severely tested. [REDACTED]

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BANGLADESH: Political activity is intensifying in anticipation of the parliamentary elections scheduled for next March.

The newly formed National Socialist Party, led by a former student leader and by a prominent independence fighter, has delivered a scathing attack on Prime Minister Mujibur Rahman's Awami League, accusing it--among other things--of negligence in not foreseeing the Pakistani Army crackdown in March 1971. The Socialist leaders also charge that Mujib has not even tried to recover Bengali property plundered by India's liberation army. In addition, the party accuses the government of ineptness, corruption, and inability to stem increasing political violence.

The Awami League has countered by organizing a new youth organization, also led by student and ex-guerrilla leaders, to compete with the Socialists. The Awami League may also engage in harassment of the National Socialists in retaliation for their criticism--the strongest the League has borne to date.

The National Socialists are planning a convention for 23 December to decide whether to participate in the upcoming elections and to discuss electoral alliances. Some other opposition groups, including leftists as well as radicals, have coalesced around the chairmanship of a venerable peasant leader named Maulana Bhashani to form a committee "to resist fascism, secret killings, and intimidation of political workers." As such opposition activity increases and the Awami League responds, the use of violence--political killings already are commonplace--will probably increase.

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EC-NORWAY: Hard bargaining lies ahead in Norway's attempt to negotiate a special arrangement with the EC in lieu of the full community membership that its people rejected in the September referendum.

During exploratory sessions with the EC Commission last week, the Norwegians stressed their goal of an agreement having the "broadest possible scope." Oslo has in mind cooperation with the community on shipping policy, the environment, and research and technology. Moreover, Oslo is interested in an "evolutionary clause," which presumably would keep open the possibility for transforming the arrangement into full membership. In light of recent opinion polls in Norway revealing considerable awareness of the costs of non-membership, Oslo may feel it runs no political risks at home by suggesting such a provision. In addition, the parliamentary majority that favored EC entry believes that Norway must eventually join the EC.

Despite the communiqué of the EC summit meeting last month, which declared a willingness to reach an agreement speedily with Norway, the EC is not enthusiastic over Oslo's broad aims. At last week's meeting, the Commission told the Norwegians that the agreements with the other EFTA non-applicants--which are largely limited to free trade in industrial products--set the pattern for an EC agreement with Norway. Oslo's demands for concessions on fish and fish products and petroleum will make the negotiating particularly difficult.

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AUSTRALIA: The result of the national elections on 2 December probably will have minimal effect on basic Australian policies.

Campaigning officially began this week for the 125 seats of the House of Representatives, the larger and more important of the two houses of Parliament. The outcome will determine whether the Liberal-Country coalition government will continue in office or be replaced by the Labor Party, out of power for 23 years. At present the government holds a slim majority of seven seats. Labor, capitalizing on public sentiment for change, has until recently been accorded the edge by most observers. Late polls indicate, however, that the government is narrowing the gap and that the popular vote will be close.

Actual differences between the government and the opposition are not as great as will be suggested in campaign rhetoric. The Labor Party's position on domestic economic issues, such as nationalization of key industries, has softened considerably over the years. A Labor government might accelerate the trend already under way toward a more independent international stance, but both contenders continue to look on alliance with the US as the cornerstone of Australian foreign policy.

Defense policies will probably be the main issue of the campaign. Labor has no quarrel with the present level of military expenditures. It takes sharp issue, however, with the government's doctrine of "forward" defense that resulted in the commitment of Australian forces to Vietnam and the current deployment of about 3,000 Australian troops to Singapore and Malaysia. A Labor government might gradually phase out Canberra's participation in the Five-Power Defense Arrangement that also includes the United Kingdom and New Zealand. [REDACTED]

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ROMANIA: Heavy rains have caused fall crop losses and now threaten winter wheat output, reducing prospects for next year's domestic supplies and export surplus.

Romania harvested a record wheat crop this year, but continuous rains for several weeks in September and October have caused losses to potato and other vegetable crops and have made corn fields too wet for machinery to operate. Harvesting is also being complicated by inadequate drying, storage, and transport facilities. Storing corn with a high moisture content could result in losses in both quantity and quality. By 9 November, nearly 15 percent of the corn had not been harvested and nearly 20 percent of the winter wheat had not been sown.

As a result of the poor weather and delays, the area seeded to winter wheat is unlikely to be as large as last year's. While some of the unsown area can be sown in the spring, yields from spring planting would be lower. In addition, since most of the winter wheat has been sown late, the immature plants will be susceptible to frost damage. [REDACTED]

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BELGIUM: Leaders of the Socialist - Social Christian coalition, who met with Prime Minister Eyskens last weekend to deal with the legislative crisis that threatens the government, have temporized. Cabinet changes have been set aside while a special commission of ten government ministers attempts during the next two weeks to draft new legislative proposals. Although the issues are highly divisive within the coalition, the prospects for a package agreement are reasonably good. Even if the commission succeeds, however, the government will remain in a bind because it needs the support of opposition deputies to implement certain legislation. A cabinet shuffle is still expected, probably around the end of the year.

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~~SECRET~~URUGUAY: Military Involvement in Politics

The recent emergence of the army as a major power bloc in Uruguay is unprecedented in the nation's history in this century. For two decades, Uruguay has been going from riches to rags, and the threat of military intervention through some form of extra-constitutional action now looms as a real possibility.

During the first half of the 20th century, Uruguay was a model of development that was unsurpassed in Latin America. Its highly literate and homogeneous population, almost entirely of European rather than Indian extraction, lived well on exports of meat, hides, and wool. Its two-party political system functioned smoothly, developing the philosophy of the welfare state conceived by Jose Batlle y Ordóñez early in the century. It adopted a plural executive system that appeared to function adequately in a period marked by few strains.

The ineffectiveness of this government by committee became apparent during the crisis brought on in the 1950s when world markets for Uruguay's products dwindled, its bloated social welfare system began to eat up more than its share of the national product, and inflation set in. Voters switched from the Colorado Party, which had ruled continuously since 1918, to the somewhat more conservative Blancos. In 1966, they scrapped the plural executive to return to a single Colorado president. Like the Blancos, however, the Colorados were neither willing nor able to make the drastic economic and social reforms that were needed to stem the tide of deterioration.

By the mid-1960s, young Uruguayans faced a country in which the political system was decrepit, immobile, and discredited, and the economic future was bleak at best. Encouraged by their underpaid instructors to become activists, many of them

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quickly realized their inability to stem the deterioration through normal political channels. Imbued with a sense of Latin revolutionary mystique, some chose to try to destroy the system, in hopes that a better Uruguay would somehow emerge from the ashes. The stage was thus set for the emergence of the Tupamaros, Latin America's most formidable terrorist group.

The Tupamaros got their start as a break-away from one of the leftist political parties. They initially attempted to develop a kind of "Robin Hood" image, directing their operations against wealthy individuals and large companies, and occasionally passing out some of the spoils to the poor. They built up a war chest of funds, amassed a large stock of guns and vehicles, and attracted a membership that may have reached 4,000 activists and a substantial number of sympathizers.

In 1969, the Tupamaros shifted into a second phase of their program to bring down the Uruguayan system. Kidnapings became more common, and included the British Ambassador and several US officials, one of whom was murdered. The Tupamaros taunted the government, whose inept police forces were unable to find the locations of the prisoners or guarantee protection to the general populace.

In April 1972, in what appeared to be a carefully orchestrated move, the Tupamaros gunned down four government officials, including two police officers, and a former cabinet member. The new President, Juan Maria Bordaberry, in an uncharacteristically swift move, demanded that a "State of Internal War" be declared and that the nation's armed forces, which had done little in the internal security field before, lead the battle against the terrorists. Many of Bordaberry's Colorado supporters in the congress, as well as his Blanco opposition, expressed serious fears that the suspension of constitutional rights that would have to accompany the

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state of war might seriously curtail the freedom of the people. They nevertheless gave Bordaberry and the military a limited period of special powers, including a transfer of persons suspected of security crimes to military jurisdiction and the suspension of constitutional guarantees. Powers like this had been granted under the preceding administration, but for the first time the armed forces were to become completely involved in the anti-terrorist campaign.

The rapid success of the military in putting down the Tupamaro guerrillas was astounding to close observers of the Uruguayan scene. A military force, which had spent most of its time policing borders and had not faced an armed enemy in this century, in less than seven months managed to devastate a terrorist organization that had earned the envy and respect of guerrilla groups throughout the Western Hemisphere. This result was achieved by a push to capture as many members and suspects as possible, by rapid and forceful interrogations, and by hunting down Tupamaro weapons caches and hiding places. The military was aided by the fact that the vaunted Tupamaro organization was not nearly as compartmented as everyone believed--many cell members knew a host of fellow members and were quick to talk during interrogation. As the campaign progressed, some Tupamaros surrendered without duress, and the organization came crashing down. Although the Tupamaros retain some residual capability to harass the government, it will be a long time before they will again be equipped or manned to mount a major operation.

The success against the Tupamaros marks a spectacular victory for the armed forces--perhaps the first really positive step forward by any sector of Uruguayan society in two decades. In Uruguay's gloomy atmosphere, this victory may have been blown a bit out of proportion. Nevertheless, the army is flushed with success. Its leaders, observing the deplorable state of the economy, the extensive emigration of talented Uruguayans, and the crumbling

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buildings of once-stately Montevideo, have reasoned that their victory over the guerrillas might possibly be translated into a campaign to correct the many ills that continue to plague the society. They have but to look around them to see other military forces already started down that road--in Peru, Brazil, and Argentina. Unlike those countries, however, Uruguay has a long and strong tradition of military non-involvement in politics, an officer corps that has been generally opposed to overt political activity, and a highly sophisticated and politicized population that generally favors the existing democratic process.

Yet the extensive interrogation of the Tupamaros, and the resulting gathering of intelligence information, have revealed to the military leadership that corruption--or "economic crimes"--was a factor in the poor performance of the economy and a major issue on which the Tupamaros had won popularity. More significantly, the "economic criminals" appear to be some of the leading political figures in the nation. Suspects include Jorge Batlle, one of Bordaberry's major factional leaders in the Colorado Party; Wilson Ferreira Aldunate, the leader of the opposition Blanco bloc in the congress; and Jorge Peirano Facio, a former foreign minister. The army leaders recently confronted Bordaberry with their allegations and demanded that Batlle be arrested. This faced the President with the loss of his congressional majority and the need to restructure his cabinet, since three of his ministers were Batlle supporters. What threats were made to force Bordaberry to "give up" Batlle are unknown, but he did permit the military to go ahead. Now Bordaberry has formed a new cabinet, Batlle remains in jail, and the military, having come this far on essentially ad hoc maneuvers, must sit down and ponder the next move.

Bordaberry's government, while notable for quieting the threat of terrorism, has done little

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to solve the problems that are causing Uruguay to decay. No effort has been made to correct the serious abuses of the welfare system; no moves are planned to expand traditional exports or to stimulate the economy in any direction. It seems clear that the armed forces are no longer going to be satisfied to leave the Uruguayan "mess" in the hands of the politicians, but it is also clear that they do not, at this stage, have a plan of action. Continued lack of movement by Bordaberry and the civilian government to correct the economic slide may stimulate army pressure for action. If the civilian response is unsatisfactory, the long tradition of military non-involvement could be broken. [REDACTED]

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